



Mike Kadas  
Director

# Montana Department of Revenue



Steve Bullock  
Governor

February 23, 2015

Kevin Nelson  
PO Box 23107  
Billings, MT 59104

Mr. Nelson,

This is a follow up to our conversation last week regarding TIF in the Billings downtown. I asked our local office to provide a historical view of the TIF with the new Federal Courthouse, which is shown below.

		Increment							
		Base Year	Base Value	2009	2010	2011	2012	2013	2014
N 27th St TIFD	2T3	2000	783,431	303,401	245,214	251,192	365,621	384,760	582,519
2008 Exp N 27th St TIFD	2T3A	2008	3,328,807	510,265	2,741,273	2,646,972	2,598,300	2,768,346	2,484,348

Federal Courthouse Tax Code: A33796

The New federal courthouse splits levy districts. Approx. half of its value is in 2T3 and the other half in 2T3A, both TIF districts.

The courthouse was built in 2011 and is 100% exempt. The property did carry a taxable value that contributed to the base in 2008 when it was an MDU building  
Other contributors to the increase from 2009 to 2010 were:

Several Utility companies allocated more value to these districts, AT&T Mobility, AT&T Communications and Qwest contributed almost \$1.3 mill.

First Interstate Bank saw growth

Northern Hotel started undergoing renovations

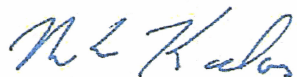
CTA Architects renovated an old building

Montana Brewing Company went through renovations

All of these projects that contributed to the increment are typical types of growth when TIF districts get created.

I hope this is helpful. If you have additional questions I'd encourage you to contact Robin Rude in the Billings office.

Sincerely,

A handwritten signature in blue ink, appearing to read "Mike Kadas".

Mike Kadas

c. Sen. Arntzen  
Robin Rude



## Yellowstone County, Montana

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**Disclaimer:** Not all fields are currently maintained. The accuracy of the data is not guaranteed. Please notify the Appraisal/Assessment Office of any inaccuracies.

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### Owner Information

**\*Please Note:** Owner information is supplied by the **Montana Department of Revenue**. To request updates to addresses or other ownership information, please **contact the DOR office at 896-4000**. Records for the current year will **not** be updated after tax bills have been sent out, so changes requested after you receive your bill will appear only on next year's records.

Tax ID: A00795

#### Primary Party

Primary Owner Name: ZOOTIST HOTEL LLC

2015 Mailing Address: ZOOTIST HOTEL LLC

555 ZOOT ENTERPRISE LN  
BOZEMAN, MT 59718-8128

Property Address: 19 N BROADWAY

Township: 01 S Range: 26 E Section: 03

Subdivision: BILLINGS ORIGINAL TOWNSITE Block: 109 Lot: 13

Full Legal: BILLINGS ORIGINAL TOWNSITE, S03, T01 S, R26 E, BLOCK  
109, Lot 13 - 18

GeoCode: 03-0927-03-2-40-10-0000

[Show on Map](#) (May not work for some newer properties.)

### Property Assessment Information

Levy District: 2008 EXPANDED N 27 ST URB

Levy District: 2008 EXPANDED N 27TH URBA

#### Assessed Value Summary

Assessed Land Value = \$ 667,100.00

Assessed Building(s) Value = \$ 9,938,600.00

Total Assessed Value = \$ 10,605,700.00

### Assessed Value Detail Tax Year: 2015

Class Code	Amount
2207 - Commercial City or Town Lots = \$	667,100.00
3507 - Improvements on Commercial City or Town Lots = \$	9,938,600.00
Total = \$	10,605,700.00

The values shown for the given tax year are for taxation purposes only. They are supplied by the Department of Revenue. For questions about these values, please contact the Montana Department of Revenue, Appraisal/Assessment Office at 406-896-4000.

### Rural SID Payoff Information



**NONE**  
**Property Tax Billing History**

<b>Year</b>	<b>1st Half</b>	<b>2nd Half</b>	<b>Total</b>
<a href="#">2000</a>	18,099.96 P	18,099.96 P	36,199.92
<a href="#">2001</a>	22,343.05 P	22,277.37 P	44,620.42
<a href="#">2002</a>	22,691.02 P	22,522.21 P	45,213.23
<a href="#">2003</a>	29,843.90 P	29,792.05 P	59,635.95
<a href="#">2004</a>	34,743.61 P	34,681.57 P	69,425.18
<a href="#">2005</a>	0.00	16,138.15 P	16,138.15
<a href="#">2005</a>	50.00 P	0.00	50.00
<a href="#">2005</a>	45,062.45 P	0.00 P	45,062.45
<a href="#">2006</a>	31,261.65 P	31,209.80 P	62,471.45
<a href="#">2007</a>	32,939.96 P	32,888.11 P	65,828.07
<a href="#">2008</a>	32,529.49 P	32,477.75 P	65,007.24
<a href="#">2009</a>	26,104.93 P	26,042.73 P	52,147.66
<a href="#">2010</a>	24,590.42 P	24,538.56 P	49,128.98
<a href="#">2011</a>	23,727.02 P	23,675.25 P	47,402.27
<a href="#">2012</a>	21,884.85 P	21,884.83 P	43,769.68
<a href="#">2013</a>	0.00	80,653.51 P	80,653.51
<a href="#">2013</a>	67,480.27 P	0.00 P	67,480.27
<a href="#">2014</a>	0.00	111,091.03 P	111,091.03
<a href="#">2014</a>	100,903.17 P	0.00 P	100,903.17

(P) indicates paid taxes.

Click on year for detail. [Pay Taxes Online](#)

**Jurisdictional Information**

**Commissioner Dist:** 2 - [James Reno \(R\)](#)      **School Attendance Areas**  
**Senate:** 24 - [Mary McNally \(D\)](#)      **High:** SENIOR  
**House:** 47 - [Katharin A. Kelker \(D\)](#)      **Middle:** LEWIS & CLARK  
**Ward:** 1 (BILLINGS)      **Elem:** MCKINLEY

[Brent Cromley](#)

[Mike Yakawich](#)

**Precinct:** 47.1

**Zoning:** Central Business District

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## Detail Property Tax Information

**Disclaimer:** The tax information was updated on 9/19/2015. Please notify the Treasurer's Office of any inaccuracies. Online Tax Billing History is available from Tax Year 2000 forward. If you wish information for prior tax years contact the Treasurer's Office. [Pay Taxes Online](#)

Tax ID: A00795 Tax Year: 2009

2008 EXPANDED N 27 ST URB

Code	District	1st Half	2nd Half	Total
	2008 EXPANDED N 27 ST URB (Levy District)	14,720.66 P	14,720.64 P	29,441.30
1346	1346 BLGS N BRDWAY STREETSCAPE	2,565.71 P	2,503.58 P	5,069.29
2T3A	2008 EXPANDED N 27 ST URB	1,988.18 P	1,988.15 P	3,976.33
4013	4013 BLGS PARK MAINT	615.69 P	615.69 P	1,231.38
BACF	BACF BLGS ARTERIAL CONST FEE	147.74 P	147.74 P	295.48
BFHS	BFHS BLGS FIRE HYD REAL	530.35 P	530.35 P	1,060.70
BID1	Business Improv Dist 1	2,470.06 P	2,470.06 P	4,940.12
BLGB	BLGB BILLINGS GARBAGE	1,513.50 P	1,513.50 P	3,027.00
BLSW	BLSW BILLINGS STORM SEWER	132.72 P	132.72 P	265.44
BS#1	BS#1 BLGS STREET MAINT #1	408.37 P	408.37 P	816.74
L097	0097 BLGS LIGHT MAINT	992.63 P	992.63 P	1,985.26
TIDU	TIDU TID - UNIVERSITY MILLAGE	19.32 P	19.30 P	38.62
<b>Totals</b>		<b>26,104.93</b>	<b>26,042.73</b>	<b>52,147.66</b>

Date Paid 11/27/2009 05/27/2010

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Tax ID: A00795 Tax Year: 2010

2008 EXPANDED N 27 ST URB

Code	District	1st Half	2nd Half	Total
	2008 EXPANDED N 27 ST URB (Levy District)	13,719.29 P	13,719.29 P	27,438.58
1346	1346 BLGS N BRDWY STREETSCAPE	2,451.84 P	2,400.00 P	4,851.84
2T3A	2008 EXPANDED N 27 ST URB	2,030.72 P	2,030.71 P	4,061.43
4013	4013 BLGS PARK MAINT	615.69 P	615.69 P	1,231.38
BACF	BACF BLGS ARTERIAL CONST FEE	151.41 P	151.41 P	302.82
BFHS	BFHS BLGS FIRE HYD REAL	312.97 P	312.97 P	625.94
BID1	Business Improv Dist 1	2,164.45 P	2,164.45 P	4,328.90
BLGB	BLGB BILLINGS GARBAGE	1,653.00 P	1,653.00 P	3,306.00
BLSW	BLSW BILLINGS STORM SEWER	132.72 P	132.72 P	265.44
BS#1	BS#1 BLGS STREET MAINT #1	418.57 P	418.57 P	837.14
L097	0097 BLGS LIGHT MAINT	920.55 P	920.55 P	1,841.10
TIDU	TIDU TID - UNIVERSITY MILLAGE	19.21 P	19.20 P	38.41

**Totals 24,590.42 24,538.56 49,128.98**

Date Paid 11/19/2010 04/22/2011

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Tax ID: A00795 Tax Year: 2011

2008 EXPANDED N 27 ST URB

Code	District	1st Half	2nd Half	Total
	2008 EXPANDED N 27 ST URB (Levy District)	8,206.84 P	8,206.83 P	16,413.67
1346	1346 BLGS N BRDWHY STREETSCAPE	2,337.88 P	2,286.13 P	4,624.01
2T3A	2008 EXPANDED N 27 ST URB	6,651.70 P	6,651.69 P	13,303.39
4013	4013 BLGS PARK MAINT	615.69 P	615.69 P	1,231.38
BACF	BACF BLGS ARTERIAL CONST FEE	155.19 P	155.19 P	310.38
BFHS	BFHS BLGS FIRE HYD REAL	167.87 P	167.87 P	335.74
BID1	Business Improv Dist 1	2,154.59 P	2,154.59 P	4,309.18
BLGB	BLGB BILLINGS GARBAGE	1,731.50 P	1,731.50 P	3,463.00
BLSW	BLSW BILLINGS STORM SEWER	136.08 P	136.08 P	272.16
BS#1	BS#1 BLGS STREET MAINT #1	591.81 P	591.81 P	1,183.62
L097	0097 BLGS LIGHT MAINT	914.71 P	914.71 P	1,829.42
TIDU	TIDU TID - UNIVERSITY MILLAGE	63.16 P	63.16 P	126.32

**Totals 23,727.02 23,675.25 47,402.27**

Date Paid 11/18/2011 05/04/2012

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### 7. Steve Zeier Consulting:

- a. New restaurant concept location in the Popelka Commerce Center subdivision. TIF application possible for this project.
- b. Shoot the Moon owns Chilies submitted a request to locate.
- c. High Mark Traffic Project behind Parkway Truck Stop.
- d. Family Dollar Demolition completed.
- e. Regularly trying to communicate to sell properties.

### 8. Development of Land with SID1385 / Board Action

- a. SID1385 distracts buyers from considering purchase of the property.
- b. To develop the property and generate TIF funds. Options SUBRA to bond the property and pay off the SID to allow development of business.
- c. Bob Popelka decided to sell based on the SID attached.
- d. Property owners city, City Finance and the SUBRA board agreed to discuss the SID bond formally. Discussion includes repayment of the SID.
- e. Providing TIF dollars could increase the TIF increment.
- f. TIF bond to include construction on Hillview and Midland.
- g. The bond will extend the life of the district allowing more projects to apply for TIF funds.
- h. **Board action to move forward with the bond and terms to payback.**

### 9. Meeting Adjourned: Next Meeting Scheduled July 2, 2014.

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# Montana Code Annotated 2014

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**7-15-4239. Control of conflict of interest.** (1) (a) A public official, employee of a municipality or urban renewal agency, or department or officers that have been vested by a municipality with urban renewal project powers and responsibilities under [7-15-4231](#) may not voluntarily acquire any interest, direct or indirect, in any urban renewal project, in any property included or planned to be included in any urban renewal project of the municipality, or in any contract or proposed contract in connection with an urban renewal project.

(b) When an acquisition is not voluntary, the interest acquired must be immediately disclosed in writing to the local governing body, and the disclosure must be entered upon the minutes of the governing body.

(2) If an official or department or division head owns or controls or owned or controlled within 2 years prior to the date of hearing on the urban renewal project any interest, direct or indirect, in any property that the person knows is included in an urban renewal project, the person shall immediately disclose this fact in writing to the local governing body, and the disclosure must be entered upon the minutes of the governing body. An official or a department or division head may not participate in any action on that particular project by the municipality or urban renewal agency, department, or officers that have been vested with urban renewal project powers by the municipality pursuant to the provisions of [7-15-4231](#).

**History:** En. Sec. 18, Ch. 195, L. 1959; R.C.M. 1947, 11-3918(part); amd. Sec. 616, Ch. 61, L. 2007.

*Provided by Montana Legislative Services*



May 4, 2015

Montana Dept. Revenue  
Michele Crepeau  
PO Box 7701  
Helena Mt. 59604  
[mcrepeau@mt.gov](mailto:mcrepeau@mt.gov)

Ms. Crepeau

I would appear to me that the application from Billings MT. for there expansion of the East End TIF district, that you are in reviewing, is in violation of certain Montana statutes and the Montana constitution. I would ask that you reject this application until the following concerns have been addressed

1. In the application by the City of Billings, I failed to find any documentation that addressed this requirement?

Does the DOR have Administrative Rules for this requirement?

**7-15-4282. Authorization for tax increment financing.**

(2) The tax increment financing provision must take into account the effect on the county and school districts that include local government territory.

2. In the Documents presented by the City of Billings I failed to find any support for:  
**MCA 7-15-4284. Filing of tax increment provisions plan or district ordinance.**

(2) A certified copy of each plan, ordinance, or amendment must also be filed with the clerk or other appropriate officer of each of the affected taxing bodies.

To comply with this provision there must be a copy of the mailing included in the plan, application or some writing to verify that it has been satisfied?

3. If you approve this TIF application, it would appear that the diversion of the transportation mills would be in violation of this Attorney General Opinion?

Montana Attorney General Steve Bullock Volume No. 54 Opinion No. 6

Held: "Property taxes levied to support...transportation...A transfer of property taxes for any other purpose is invalid".

4. The DOR has the obligation to follow the law. But the issue is which law, I am aware that TIF law require that all mills except for university mills be diverted into the TIF, also the laws MCA 20-9-331, 20-9-333, 20-9-360 require MUST. The DOR has the obligation to determine which **must** prevails?

**20-9-309. Basic system of free quality public elementary and secondary schools defined -- identifying educationally relevant factors -- establishment of funding formula and budgetary structure -- legislative review.** (1) Pursuant to Article X, section 1, of the Montana constitution, the legislature is required to provide a basic system of free quality public elementary and secondary schools throughout the state of Montana that will guarantee equality of educational opportunity to all.

(v) is based on federal education laws consistent with Montana's constitution and laws; and

**20-9-331. Basic county tax for elementary equalization and other revenue for county equalization of elementary BASE funding program.** (1) Subject to [15-10-420](#), the county commissioners of each county shall levy an annual basic county tax of **33 mills** on the dollar of the taxable value of all taxable property within the county....for the purposes of elementary equalization and state BASE funding program support. The revenue collected from **this levy must be apportioned** to the support of the elementary BASE funding programs of the school districts in the county and to the **state general fund** in the following manner:

**20-9-333. Basic county tax for high school equalization and other revenue for county equalization of high school BASE funding program.** (1) Subject to [15-10-420](#), the county commissioners of each county shall levy an annual basic county tax of **22 mills** on the dollar of the taxable value of all taxable property within the county, for the purposes of high school equalization and state BASE funding program support. The revenue collected from **this levy must be apportioned** to the support of the BASE funding programs of high school districts in the county and to the **state general fund** in the following manner:

**20-9-360. State equalization aid levy.** Subject to [15-10-420](#), there is a levy of **40 mills** imposed by the county commissioners of each county on all taxable property within the state. Proceeds of the **levy must be remitted to the department of revenue**, as provided in [15-1-504](#), and must be deposited to the credit of the **state general fund** for state equalization aid to the public schools of Montana.

The City of Billings is denied the power to affect schools which this TIF expansion would do.  
**MCA: 7-1-111. Powers denied.** A local government unit with self-government powers is prohibited from exercising the following:

(3) any power that applies to or affects the public school system, except that a local unit may impose an assessment reasonably related to the cost of any service or special benefit provided by the unit and shall exercise any power that it is required by law to exercise regarding the public school system;



It appears that the DOR must agree that TIF's affect schools and that power has been denied MCA 7-1-111(3) , HB 114, 2015 MT. Leg. Session

HOUSE BILL NO. 114  
INTRODUCED BY M. MILLER  
BY REQUEST OF **THE DEPARTMENT OF REVENUE**

AN ACT CLARIFYING LAWS RELATED TO THE USAGE OF TAX INCREMENT REMITTANCES TO SCHOOL DISTRICTS TO ENSURE A REDUCTION IN LOCAL PROPERTY TAXES; PROVIDING A TRANSITION SECTION FOR A SCHOOL DISTRICT WITH AN EXISTING AGREEMENT WITH A LOCAL GOVERNMENT; PROVIDING A TIME PERIOD FOR A SCHOOL DISTRICT TO UTILIZE TAX INCREMENT REMITTANCES; AMENDING SECTIONS 7-15-4291, 20-9-104, AND 20-9-141, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND APPLICABILITY DATES.

5. The teacher retirement mills assessed by the county commissioners are **actuarially required contributions**, in other words, the taxpayer or employer's retirement fund **obligation** match for those teacher's. The City of Billings is denied the power to affect the retirement system.

MCA: **7-1-111. Powers denied.** A local government unit with self-government powers is prohibited from exercising the following:

- (10) any power that applies to or affects a public employee's pension or retirement rights as established by state law, except that a local government may establish additional pension or retirement systems;

**Section 15. Public retirement system assets.** (1) Public retirement systems shall be funded on an actuarially sound basis. Public retirement system assets, including income and **actuarially required contributions**, shall not be encumbered, diverted, reduced, or terminated and shall be held in trust to provide benefits to participants and their beneficiaries and to defray administrative expenses.

6. The university 6 mills are **not** diverted into a TIF district but the Community Collage Mills are, it would appear to me the constitution and state law should protect the Community Collage Mills, **"from whatever source accruing"** an accruing source of revenue would be the mills assessed by the Yellowstone county commissioners?

**Section 10. State university funds.** The funds of the Montana university system and of all other state institutions of learning, **from whatever source accruing**, shall forever remain inviolate and sacred to the purpose for which they were dedicated.



**20-9-212. Duties of county treasurer.** The county treasurer of each county:

(1) **must receive and shall hold all school money** subject to apportionment and keep a separate accounting of its apportionment to the several districts that are entitled to a portion of the money according to the apportionments ordered by the county superintendent or by the superintendent of public instruction. A separate accounting must be maintained for each county fund supported by a countywide levy for a specific, authorized purpose, including:

- (a) **the basic county tax for elementary equalization;**
- (b) **the basic county tax for high school equalization;**
- (c) **the county tax in support of the transportation schedules;**
- (d) **the county tax in support of the elementary and high school district retirement obligations; and**
- (e) **any other county tax for schools, including the community colleges, that may be authorized by law and levied by the county commissioners.**

I would ask that you address the questions before approving the City of Billings TIF application.

If you chose to approve this without addressing the concerns please inform me immediately of the DOR' approval.

Kevin Nelson

PO Box 23107  
Billings Mt. 59104  
406-855-5700  
59101geo@gmail.com